

For your 7:30 a.m. call

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Sarah – I gave Rachel the heads up for tomorrow, spoke to Annette. Francois Rochette who works on MSB registration is already working on a check list of activities. He and Annie and s. from Rachel's team are invited to EXCO tomorrow.

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If the proposal that you outlined goes ahead, there are a number of considerations and steps to be taken.

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Identify the population:

Research will have to be done to identify payment service providers (PSPs) – (also known as third-party payment processing companies or payment aggregators), basically third-party organizations e.g. PayPal; GooglePay; AmazonPay; Stripe; etc that enable business owners to securely accept online payments. As well, we will need to do research on crowdsourced platforms.

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Outreach:

A press release will be helpful to get the word out and create awareness. Media will amplify the message. FINTRAC's Compliance sector will do active outreach to Canadian MSB Association and others, including banks. We will use our 5 Eyes network (International supervisory forum) to get word out to FINSIN, AUSTRAC and others. We will also reach out to other regulators such as provincial and territorial securities regulators and the Investment Industry Regulatory Organization of Canada (IIROC).

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Guidance:

We will need to provide guidance on the obligations set out by the PCMLTFA and associated regulations on how these new Reporting Entities can incorporate these obligations into their operations.

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Date for Coming into Force:

This is a critical aspect of any announcement. This requires the newly designated REs to be aware and ready to set up a compliance program; FINTRAC's Compliance sector to be ready; Intelligence Sector to be ready to receive Suspicious Transaction Reports (STRs).

Registration or Pre-Registration:

FINTRAC had good success in pre-registering money services businesses (MSBs) dealing in virtual currencies to voluntarily register in advance of becoming Reporting Entities. We had a larger than expected take up of pre-registrants for all dealers in virtual currency/cryptocurrency before June 1, 2020.

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Registration:

The process of registration is relatively straight forward, beginning with a pre-registration form. In order to complete pre-registration, the RE simply provides full business and contact information. FINTRAC also amended PCMLTFA and as of June 1, 2021, foreign money services businesses – that offer services in Canada online had to register.

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Penalties for non-compliance:

DoF should make it clear that FINTRAC has the legislative authority to issue administrative monetary penalties (AMPs) to these new Reporting Entities (REs) that are found to be non-compliant with the PCMLTFA.

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Definition of Payment Service Provider (PSP) and platforms:

As Bank of Canada deals with PSPs it will be helpful that Dept of Finance ensure that both FINTRAC and Bank of Canada to have the same definition.

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Systems Adjustments:

This announcement will require FINTRAC's IM/IT team receive electronic reporting from the new Reporting Entities. The IM/IT team's resources are currently stretched implementing regulatory amendments and dealing with other mission critical resources.

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Training of Compliance Officers:

We will sensitize our Regional Compliance Officers to these new obligations. This can be done quickly given the awareness of current events.

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Assessment of Risk:

FINTRAC will need to conduct a risk assessment of the new Reporting Entities in order to determine a monitoring and examination approach.

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Legislative Changes:

It is assumed legislative changes will be required to add new reporting entities and to outline new obligations for these entities under the PCMLTFA.

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Freezing Payments:

If the federal government proceeds to petition the federal court to freeze access to money donated through online fundraising platforms to the convoy protesting COVID-19 restrictions, there will be a need to instruct as to who and how these donations will be seized or frozen.

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Other Considerations:

- \\~ **Shift to other platforms** – e-Wallets/Bitcoin – peer-to-peer payment networks are springing up, making it harder for governments to prevent users from sending money to certain causes.
- \\~ **Current workload pressures** associated with tight deadlines for recent regulatory changes may result in additional delays. Discussions with DoF will need to take place.
- \\~ Discussions with Bank of Canada and other stakeholders will need to take place to ensure alignment and avoid duplication and administrative burden.

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Please do not hesitate to respond in the official language of your choice. | I am located on the traditional, unceded territory of the [Anishinaabe Algonquin](#) Peoples.

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N'hésitez pas à me répondre dans la langue officielle de votre choix. Je suis située sur le territoire traditionnel non cédé des peuples [Algonquin Anishinabés](#)

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